



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF)
ELIZABETHTOWN GAS COMPANY TO REVIEW)
ITS PERIODIC BASIC GAS SUPPLY SERVICE)
RATE AND ITS CONSERVATION INCENTIVE)
PROGRAM RATES)
)
) BPU DOCKET NO. GR22060366
) OAL DOCKET NO. PUC 08527-22

Parties of Record:

Deborah M. Franco, Esq., for Elizabethtown Gas Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On June 1, 2022, Elizabethtown Gas Company (“ETG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking approval to modify its Basic Gas Supply Service (“BGSS”)-Periodic (“BGSS-P”) and Conservation Incentive Program (“CIP”) rates for the period October 1, 2022 through September 30, 2023 (“Petition”). By this Order, the Board considers an Initial Decision executed by Administrative Law Judge (“ALJ”) Irene Jones and a stipulation of settlement for final rates (“Stipulation”) executed by ETG, the New Jersey Division of Rate Counsel (“Rate Counsel”), and Board Staff (“Staff”) (collectively, “Parties”), intended to resolve the Company’s requests related to the above docketed matter.

BACKGROUND

By Order dated January 6, 2003, the Board directed each of New Jersey’s four (4) gas distribution companies (“GDCs”) to submit to the Board, by June 1 of each year, their respective annual BGSS cost filings for the BGSS year beginning October 1 of that year.¹ The January 2003 BGSS Order further authorized each GDC to self-implement up to a five percent (5%) percent BGSS increase, effective December 1 of the year of filing with one (1) month advance notice to the Board and Rate Counsel. The January 2003 BGSS Order further authorized each GDC to implement a second five percent (5%) increase, effective February 1 of the following year, with one (1) month

¹ In re the Provision of Basic Gas Supply Service Pursuant to the Electric Discount and Energy Act, N.J.S.A. 48:3-49 et seq., BPU Docket No. GX01050304, Order dated January 6, 2003 (“January 2003 BGSS Order”).

of advance notice to the Board and Rate Counsel. Finally, the January 2003 BGSS Order authorized each GDC to decrease its BGSS rate at any time upon five (5) days' notice to the Board and Rate Counsel.

PETITION

ETG filed the Petition with the Board, pursuant to the January 2003 BGSS Order, requesting authority to increase its BGSS-P rate from \$0.4798 per therm to \$0.7190 per therm, effective October 1, 2022.² The Company projected that its recoverable gas costs at the proposed rate would be approximately \$57.6 million higher than its current BGSS-P rates. ETG further projected that it would begin the October 1, 2022 through September 30, 2023 BGSS year ("BGSS Year") with a gas under-recovery balance of approximately \$0.7 million.³ Accompanying the Petition, ETG provided seven (7) months of actual data through April 30, 2022, and five (5) months of projected data through September 30, 2022.

The Petition also provided that the proposed BGSS-P rate increase resulted primarily from increased commodity gas costs since the Company's last BGSS filing in 2021, which the Company projected will remain elevated throughout the BGSS Year. Specifically, the Company noted that there was a 38-percent (38%) increase in the New York Mercantile Exchange May 10, 2022 strip for the winter period compared to last year's update filing.

Additionally, ETG proposed to decrease its current CIP rates, set at \$0.0000 per therm for the period from October 1, 2021 through September 30, 2022, to the following CIP rates, effective October 1, 2022: Residential Delivery Service ("RDS") – (\$0.0023) per therm; Small General Service ("SGS") – (\$0.0556) per therm; and General Delivery Service ("GDS") – (\$0.0076) per therm.

On July 19, 2022, ETG filed amended 2022 BGSS-P schedules reflecting actual data from October 1, 2021 through June 30, 2022 and projected data through September 30, 2022 ("July BGSS Update"). The Company did not modify its request to increase its BGSS-P rate to \$0.7190 per therm.

On July 27, 2022, ETG filed amended CIP schedules reflecting actual data from July 1, 2021 through June 30, 2022 which included the following modified per-therm CIP rates: RDS – \$0.0141 for RDS, SGS – (\$0.0351), and GDS – (\$0.0020) ("July CIP Update").

Following publication of notice in newspapers of general circulation in the Company's service territory, public hearings were conducted virtually on August 30, 2022 at 4:30 p.m. and 5:30 p.m. No members of the public appeared at the hearings. The Board received one (1) written comment regarding the Petition and ETG rates, generally.⁴

² All rates quoted herein include applicable taxes unless otherwise stated.

³ ETG's 2022-2023 BGSS year is October 1, 2022 through September 30, 2023.

⁴ Hearings were held virtually due to the COVID-19 pandemic.

By Order dated September 7, 2022, the Board approved a stipulation for provisional rates executed by the Parties.⁵ The September 2022 Provisional Order authorized ETG to implement a per-therm BGSS rate of \$0.7190 and the following per-therm CIP rates: \$0.0141 for RDS, (\$0.0351) for SGS, and (\$0.0020) for GDS. All rates approved in the September 2022 Provisional Order became effective for services rendered on and after October 1, 2022, on a provisional basis, subject to refund. As a result, a typical residential customer using 100 therms monthly saw a bill increase of \$25.33, or approximately 22.9%, per month.

The Board subsequently transferred this matter to the Office of Administrative Law as a contested case on September 27, 2022, where it was assigned to ALJ Irene Jones. A pre-hearing conference was held telephonically on November 30, 2022, and ALJ Jones issued a Prehearing Order on December 9, 2022.

On February 15, 2023, the Company filed a Notice of Intent to Exercise a Self-Implementing Rate Reduction, reducing its BGSS-P rate from the current provisional rate of \$0.7190 per therm to \$0.5828 per therm, effective March 1, 2023 (“Notice”).

On February 23, 2023, the Company filed an updated Notice of Intent to Exercise a Self-Implementing Rate Reduction, reducing its BGSS-P rate from the current provisional rate of \$0.7190 per therm to \$0.2692 per therm, effective March 1, 2023 (“Updated Notice”). As a result of the Updated Notice, a typical residential customer using 100 therms monthly saw a bill decrease of \$44.98, or approximately 30.2%, per month.

STIPULATION

Following a review of the 2022 BGSS Petition, the Notice, the Updated Notice, and discovery, the Parties executed the Stipulation, which provides as follows:⁶

23. The Parties stipulate and agree that the Company’s updated, self-implemented BGSS-P rate of \$0.2692 per therm, effective March 1, 2023, and provisional CIP rates of \$0.0141 for RDS, a credit rate of \$0.0351 for SGS, and a credit rate of \$0.0020 for GDS are prudent and reasonable and should be made final as of the effective date of a Board Order approving the Stipulation in accordance with N.J.S.A. 48:2-40, or upon such date thereafter as the Board may specify (“Effective Date”).
24. As of the Effective Date, the Company will maintain its self-implemented BGSS-P rate of \$0.2692 per therm, and CIP rates of \$0.0141 for Residential Delivery Service, credit rate of \$0.0351 for Small General Service, and credit rate of \$0.0020 for General Delivery Service. These rates shall remain in effect until changed by Order of the Board.

⁵ In re the Petition of Elizabethtown Gas Company to Review its Basic Gas Supply Service Rate and its Conservation Incentive Program Rates, BPU Docket No. GR22060366, Order dated September 7, 2022 (“September 2022 Provisional Order”).

⁶ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation are controlling subject to the findings and conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

25. The Company's future annual BGSS gas cost filings shall continue to comply with the Annual BGSS Minimum Filing Requirements adopted by the Board as listed in the index contained in Appendix A of the Stipulation.⁷
26. The Company agrees to continue to provide electronically, to the Parties in this proceeding and on a monthly basis, the following updated information: 1) the BGSS NYMEX update report (also known as S-ECHART-1, an example of which is included as Appendix B of the Stipulation); and 2) a monthly report showing the calculation of net cost of gas per therm (also known as S-ECHART-2, an example of which is included as Appendix C of the Stipulation). S-ECHART-1 is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. S-ECHART-2 is to be submitted to the Parties on the 15th of the following month.
27. Upon Board approval of the BGSS-P and CIP rates reflected in the Stipulation, the Company will file with the Board tariff sheets to reflect the final BGSS-P and CIP rates agreed to in the Stipulation.

On March 17, 2023, ETG filed amended BGSS-P schedules reflecting actual data from October 1, 2022 through February 28, 2023 and projected data through September 30, 2023 ("March 2023 Update"). The Company did not modify its request to revise its self-implemented BGSS-P rate of \$0.2692 per therm.

On March 27, 2023, ALJ Jones issued an Initial Decision in this matter finding that the Parties voluntarily agreed to the terms of the Stipulation and that the Stipulation disposed of all issues in controversy and is consistent with the law.

DISCUSSION AND FINDINGS

Having reviewed the record in this matter, including the Petition, the July BGSS Update, the July CIP Update, the Notice, the Updated Notice, the March 2023 Update, ALJ Jones's Initial Decision, and the Stipulation, the Board **HEREBY FINDS** that the Parties voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board **FURTHER FINDS** the Initial Decision, which adopts the Stipulation, to be reasonable, in the public interest, and in accordance with the law. As such, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation, attached hereto, as its own incorporating by reference the terms and conditions of the Stipulation, as though fully set forth herein.

The Board **HEREBY APPROVES**, as final, the Company's self-implemented BGSS-P rate of \$0.2692 per therm.

⁷ In re the Petition of NUI Utilities, Inc. d/b/a Elizabethtown Gas Company to (1) Revise its Basic Gas Supply Service Rate, (2) Revise its On-System Margin Sharing Credit, (3) Revise its Commodity Rates for Commercial and Industrial Air Conditioning and Distributed Generation Uses and Seasonal Delivery Service, and (4) Make Other Tariff Changes, BPU Docket No. GR02120945 et al., Board Order dated June 20, 2003, and In re the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas to Review its Periodic Basic Gas Supply Service Rate, BPU Docket No. GR17060590, Order dated May 22, 2018.

Additionally, the Board **HEREBY APPROVES** on a final basis, the following per-therm CIP rates:

- A charge of \$0.0141 per therm for Residential Delivery Service;
- A credit of \$0.0351 per therm for Small General Service; and
- A credit of \$0.0020 per therm for General Delivery Service.

Any net over-recovery on the BGSS-P and CIP is subject to refund with interest. The above changes shall be made final for services rendered on and after May 1, 2023.

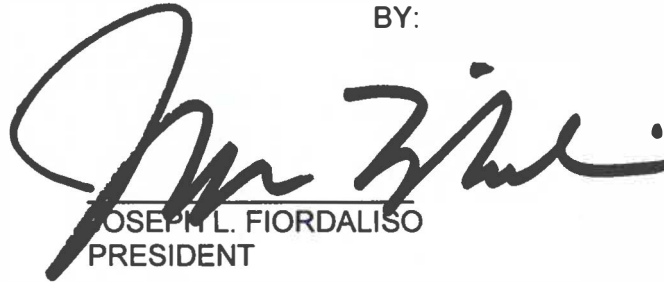
The Board **FURTHER DIRECTS** the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order by May 1, 2023.

The Company's costs, including those related to the BGSS and CIP, remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed appropriate as a result of any such audit.

The effective date of this Order is April 19, 2023.

DATED: April 12, 2023

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER

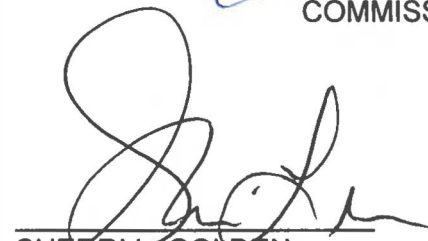


DIANNE SOLOMON
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST:



SHERRIL L. GOLDEN
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY TO REVIEW ITS PERIODIC BASIC
GAS SUPPLY SERVICE RATE AND ITS CONSERVATION INCENTIVE PROGRAM RATES

BPU DOCKET NO. GR22060366
OAL DOCKET NO. 08527-22

SERVICE LIST

New Jersey Division of Rate Counsel

140 East Front Street, 4th Fl.
Post Office Box 003
Trenton, NJ 08625-003

Brian O. Lipman, Esq., Director
blipman@rpa.nj.gov

Megan Lupo, Esq.
mlupo@rpa.nj.gov

Sarah Steindel, Esq.
ssteinde@rpa.nj.gov

Elizabethtown Gas Company

520 Green Lane
Union, NJ 07083

Deborah M. Franco, Esq.
dfranco@sjindustries.com

Thomas Kaufmann
tkaufmann@sjindustries.com

Leonard J. Willey
lwilley@sjindustries.com

Susan Potanovich
spotanovich@sjindustries.com

One South Jersey Place
Atlantic City, NJ 08401

Cindy Capozzoli
ccapozzoli@sjindustries.com

Gary Akmentins
gakmentins@sjindustries.com

Sheree Kelly
skelly@sjindustries.com

Carolyn A. Jacobs
cjacobs@sjindustries.com

New Jersey Board of Public Utilities

44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, NJ 08625-0350

Sherri L. Golden, Secretary
sherri.golden@bpu.nj.gov

Stacy Peterson, Deputy Executive Director
stacy.peterson@bpu.nj.gov

Division of Water and Energy

Mike Kammer, Director
mike.kammer@bpu.nj.gov

Malike Cummings, Deputy Director
malike.cummings@bpu.nj.gov

Scott Sumliner
scott.sumliner@bpu.nj.gov

Office of General Counsel

Michael Beck, General Counsel
michael.beck@bpu.nj.gov

Carol Artale, Deputy General Counsel
carol.artale@bpu.nj.gov

Heather Weisband, Senior Counsel
heather.weisband@bpu.nj.gov

Michael Hunter, Regulatory Officer
michael.hunter@bpu.nj.gov

Division of Law

25 Market Street
Post Office Box 112
Trenton, NJ 08625-0112

Terel Klein, DAG
terel.klein@law.njoag.gov

Matko Ilic, DAG
matko.ilic@law.njoag.gov

Pamela Owen, DAG
pamela.owen@law.njoag.gov

Daren Eppley, DAG
daren.eppley@law.njoag.gov



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 08527-22

AGENCY DKT. NO. GR 22060366

**I/M/O THE PETITION OF ELIZABETHTOWN GAS
COMPANY TO REVIEW ITS BASIC GAS SUPPLY
SERVICE RATE AND ITS CONSERVATION
INCENTIVE PROGRAM RATES.**

Deborah M. Franco, Esq., Vice President Rates, Regulatory and Sustainability, for
petitioner, Elizabethtown Gas Company

Terel Klein, Esq., Deputy Attorney General, for the Staff of the New Jersey Board of
Public Utilities (Matthew J. Platkin, Attorney General of the State of New
Jersey)

Maura Caroselli, Esq., Managing Attorney Gas and Clean Energy, **Sarah H.
Steindel**, Esq., Assistant Deputy Rate Counsel, for the Division of Rate
Counsel, (Brian O. Lipman, Esq., Director)

Record Closed: March 21, 2023

Decided: March 27, 2023

BEFORE **IRENE JONES**, ALJ (ret. on recall):

On June 1, 2022, petitioner, Elizabethtown Gas Company (“Company” or “Petitioner”) filed a verified petition with the New Jersey Board of Public Utilities (BPU) seeking authorization to (1) increase its Periodic Basic Gas Supply Service (“BGSS-P”) and (2) change its Conservation Incentive Program (“CIP”) rates for the period October 1, 2022 through September 30, 2023. In the petition, the Company proposed to increase its current BGSS-P rate of \$0.4798 per therm to therm to \$0.7190 per therm. As proposed, the monthly bill of a residential heating customer using 100 therms of gas per month would increase by \$23.92 from \$110.59 to \$134.51, or 21.6%. If approved, the proposed rate changes would increase the Company’s annual BGSS-P recoveries by approximately \$57.4 million.

The Company also proposed to increase its monthly CIP rates by \$1.41 or 1.3%, for a residential heating customer using 100 therms of natural gas per month. The proposed changes, if approved, would increase annual CIP recoveries by \$2.2 million. The attached Stipulation of Settlement which is incorporated herein provides a detailed explanation of the methodology utilized by the company to implement the CIP rates.

A notice of the proposed increase in rates was published in newspapers of general circulation in the petitioner’s service territory. Virtual public hearings on the proposed rate changes were held on August 30, 2022, at 4:30 and 5:30 p.m.

While the matter was pending, the parties entered into a provisional stipulation that implemented the proposed rates, subject to refund, effective October 1, 2022. The Board approved the provisional stipulation by Order dated September 7, 2022. On Sept. 27, 2022, the Board transmitted this matter to the Office of Administrative law and the matter was assigned to the undersigned. A prehearing conference was held, and procedural schedule was established. On February 14, 2023, petitioner submitted a notice that it would self -implement a BGSS-P rate reduction in accordance with a January 6, 2003, Board Order. The terms of this rate reduction are set forth in the Stipulation of Settlement.

As a result of the provisional rates and the aforementioned adjustments, the parties have agreed to an overall settlement and filed the attached Stipulation of Settlement on March 22, 2023, with the undersigned. The final rates are set forth in detail in the attached Stipulation of Settlement which is incorporated herein.

I have reviewed the record and terms of the Stipulation of Settlement and **FIND**:

1. The parties have voluntarily agreed to the settlement as evidenced by the signatures of the parties or their representatives.
2. The settlement fully disposes of all issues in controversy and is consistent with law.

Therefore, it is **ORDERED** that the parties comply with the settlement terms and that these proceedings be and are hereby concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five (45) days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.



March 27, 2023

DATE

IRENE JONES, ALJ (ret. on recall):

Date Received at Agency: _____

Date Mailed to Parties: _____

id



Sheree L. Kelly, Esq.
Regulatory Affairs Counsel

520 Green Lane
Union, NJ 07083
T: (973) 886-7635
skelly@sjindustries.com

March 22, 2023

Electronic Filing

The Honorable Irene Jones, ALJ
Office of Administrative Law
33 Washington Street
Newark, NJ 07102-3011

**Re: In the Matter of the Petition of Elizabethtown Gas Company to Revise the Level of Its Basic Gas Supply Service (“BGSS”) Charge and Conservation Incentive Program (“CIP”) Charge for the Year Ending September 30, 2023
BPU Docket No. GR22060366
OAL Docket No. PUC 08527-2022**

Dear Judge Jones:

Enclosed please find a fully executed Stipulation of Settlement for Your Honor’s consideration, with reference to the above captioned matter. If same meets with Your Honor’s approval, we respectfully request that an Initial Decision be issued and that this matter be returned to the Board of Public Utilities for disposition.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sheree L. Kelly".

Sheree L. Kelly, Esq.
Regulatory Affairs Counsel

SLK:jlh
Enclosures

cc: Service list (electronically)

**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY
TO REVIEW ITS PERIODIC BASIC GAS SUPPLY SERVICE RATE AND
ITS CONSERVATION INCENTIVE PROGRAM RATES
BPU DOCKET NO. GR22060366**

SERVICE LIST

Thomas Kaufmann
Elizabethtown Gas Company
520 Green Lane
Union, NJ 07083
tkaufmann@sjindustries.com

Frank Vetri
Elizabethtown Gas Company
520 Green Lane
Union, NJ 07083
fvetri@sjindustries.com

Cindy Capozzoli
SJI Utilities, Inc.
One South Jersey Place
Atlantic City, NJ 08401
ccapozzoli@sjindustries.com

Stacy Peterson
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
Stacy.Peterson@bpu.nj.gov

Malike Cummings
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
Malike.Cummings@bpu.nj.gov

Heather Weisband
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
Heather.Weisband@bpu.nj.gov

Megan Lupo, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
mlupo@rpa.nj.gov

Terel Klein, DAG
Dept. of Law & Public Safety
Richard J. Hughes Justice Complex
Public Utilities Section
25 Market Street, P.O. Box 112
Trenton, NJ 08625
Terel.Klein@law.njoag.gov

Susan Potanovich
Elizabethtown Gas Company
520 Green Lane
Union, NJ 07083
spotanovich@sjindustries.com

Gary Akmentins
Elizabethtown Gas Company
One South Jersey Place
Atlantic City, NJ 08401
gakmentins@sjindustries.com

Sheree Kelly
SJI Utilities, Inc.
520 Green Lane
Union, NJ 07083
skelly@sjindustries.com

Mike Kammer
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
Mike.Kammer@bpu.nj.gov

Michael Hunter
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
Michael.Hunter@bpu.nj.gov

Maura Caroselli, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
mcaroselli@rpa.nj.gov

Carlena Morrison, Paralegal
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
cmorrison@rpa.nj.gov

Robert J. Henkes
Henkes Consulting
7 Sunset Road
Old Greenwich, CT 06870
rhenkes@optonline.net

Leonard J. Willey
Elizabethtown Gas Company
520 Green Lane
Union, NJ 07083
lwilley@sjindustries.com

Deborah M. Franco, Esq.
SJI Utilities, Inc.
520 Green Lane
Union, NJ 07083
dfranco@sjindustries.com

Carolyn A. Jacobs
SJI Utilities, Inc.
One South Jersey Place
Atlantic City, NJ 08401
cjacobs@sjindustries.com

Cindy Bianco
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
Cindy.Bianco@bpu.nj.gov

Scott Sumliner
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
Scott.Sumliner@bpu.nj.gov

Brian O. Lipman, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
blipman@rpa.nj.gov

Sarah Steindel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
ssteinde@rpa.nj.gov

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

-----X
: **BPU Docket No. GR22060366**
In the Matter of the Petition of : **OAL DKT No. PUC 08527-2022**
Elizabethtown Gas Company to Review its :
Periodic Basic Gas Supply Service Rate and its : **STIPULATION REGARDING**
Conservation Incentive Program Rates : **FINAL BGSS AND CIP RATES**
:
-----X

APPEARANCES:

Deborah M. Franco, Esq., Vice President, Rates, Regulatory & Sustainability, SJI Utilities, Inc. for Petitioner, Elizabethtown Gas Company

Maura Caroselli, Esq., Managing Attorney Gas and Clean Energy, **Sarah H. Steindel, Esq.**, Assistant Deputy Rate Counsel and **Megan Lupo, Esq.**, Assistant Deputy Rate Counsel, for the Division of Rate Counsel, (**Brian O. Lipman, Esq.**, Director)

Terel Klein, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew Platkin**, Attorney General of the State of New Jersey)

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

I. PROCEDURAL HISTORY

1. On June 1, 2022, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking authorization to (1) increase the level of its Periodic Basic Gas Supply Service (“BGSS-P”) and (2) change its Conservation Incentive Program (“CIP”) rates for the period October 1, 2022 through September 30, 2023 (“Petition”). This is the first filing to request the implementation of CIP rates pursuant to the Board’s Order dated April 7, 2021 in which the Board authorized the Company to implement a CIP designed to recover lost revenues due to the Company’s Energy Efficiency Program (“EEP”).¹

¹ In re the Implementation of L. 2018, C. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs and In re the Petition of Elizabethtown Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act and the Establishment of a Conservation Incentive Program, BPU Docket Nos. QO19010040 and GO20090619, Board Order dated April 7, 2021 (“EEP-CIP

2. In the Petition, Elizabethtown proposed to increase its current per-therm BGSS-P rate from \$0.4798 to \$0.7190.² As proposed, based upon rates in effect on June 1, 2022, the monthly bill of a residential heating customer using 100 therms of natural gas per month would increase by \$23.92 from \$110.59 to \$134.51, or 21.6%. The proposed BGSS-P rate changes translate to an increase in annual BGSS-P recoveries of approximately \$57.4 million.

3. The Company also sought Board approval to implement the following per-therm CIP rates effective October 1, 2022:

- A credit rate of (\$0.0023) for Residential Delivery Service;
- A credit rate of (\$0.0556) for Small General Service; and
- A credit rate of (\$0.0076) for General Delivery Service.

4. On July 27, 2022, the Company updated its per-therm rates via a 12&0 Update (“CIP Update”) as follows:

- A rate of \$0.0141 for Residential Delivery Service;³
- A credit rate of \$0.0351 for Small General Service; and
- A credit rate of \$0.0020 for General Delivery Service.

5. As proposed, based upon rates in effect July 1, 2022, the requested CIP Update rates would result in a monthly increase of \$1.41, or 1.3%, for a residential heating customer using 100 therms of natural gas per month.

6. These updated proposed rate changes translate to an increase in annual CIP recoveries of \$2.2 million.

Order”).

² All rates quoted herein include all applicable taxes unless otherwise noted.

³ According to the Company, the increase in the Residential Delivery Service rate from the original filing is due to lower actual therms than those originally estimated for May, 2022 and June, 2022, resulting in a reduction in excess residential margins for those months totaling \$3.7 million.

7. Pursuant to the EEP-CIP Order, recovery of any non-weather-related CIP deficiency requires passing both a Modified BGSS Savings Test and Variable Margin Test.

8. The Modified BGSS Savings Test requires the Company to achieve savings in its costs of providing BGSS to partially offset any recovery of the non-weather-related CIP margin deficiency. To recover for non-weather-related CIP deficiencies, the Company must achieve BGSS savings of at least 75% of the non-weather-related deficiency. The BGSS savings may originate from any, or all, of the following three categories: (1) permanent savings realized from permanent capacity releases or contract terminations; (2) additional BGSS gas cost savings from reductions of capacity on a long-term basis; and (3) avoided capacity costs to meet residential customer growth.

9. The Variable Margin Test limits recovery on non-weather-related CIP deficiency so as not to exceed 4.0 percent (4.0%) of total variable margins for the year ending June 30. The 4.0 percent (4.0%) cap applies to the CIP annual period of July 1, 2021 to June 30, 2022. Thereafter, the recoverable non-weather-related CIP is limited to 6.5 percent (6.5%) per the EEP-CIP Order.

10. In computing the non-weather-related CIP value, the margin impact of weather must first be deducted from the total CIP charge or credit. As noted in paragraph eight (8) above, the non-weather-related CIP component shall be subject to a dual-eligibility test comprised of the Modified BGSS Savings Test and the Variable Margin Test. In order to be eligible for recovery, non-weather-related CIP impacts must pass both recovery tests. Amounts that do not pass one or both tests are still recoverable in future years.

11. Based on the CIP Update, Elizabethtown indicated that its non-weather-related excess margin was approximately \$6.8 million. This amount was determined by subtracting the weather-related deficiency component of approximately \$8.9 million from the total CIP deficiency of approximately \$2.1 million.

12. According to Elizabethtown, its permanent BGSS savings associated with permanently released and/or terminated transportation capacity or storage assets that remain constant after re-setting the CIP benchmarks established in future base rate cases (Category One of the Modified BGSS Savings Test) total approximately \$2.2 million per year. BGSS savings realized from gas cost savings from capacity reductions on a long-term basis, contract restructuring, and contract terminations not captured in Category One and reductions in commodity cost of gas supply through purchasing strategies (Category Two of the Modified BGSS Savings Test) total approximately \$0.9 million. The Company did not have any BGSS savings realized from avoided capacity costs to meet prospective residential customer growth (Category Three of the Modified BGSS Savings Test). Using these values, the total BGSS savings for the 12-month period ending September 30, 2022 is \$3.1 million. Because the non-weather-related CIP amount is a credit to customers, the Modified BGSS Savings Test and the Variable Margin Revenue Test are not applicable.

13. Also pursuant to the EEP-CIP Order, based on the calculations provided by the Company, the CIP will not cause the Company to earn in excess of its allowed rate of return on common equity (“ROE”) of 9.6% plus 50 basis points for any 12-month period ending June 30. Based upon the Company’s calculations, the ROE Test will not limit Elizabethtown’s recovery of the CIP deficiency.

14. Based upon rates in effect July 1, 2022, the proposed BGSS-P and updated CIP rate changes would increase the monthly bill of a residential customer using 100 therms per month by \$25.33 from \$110.59 to \$135.92, or 22.9%, consisting of a proposed BGSS-P increase of \$23.92 or 21.6% and a proposed CIP increase of \$1.41 or 1.3%.

15. Following public notice published in newspapers of general circulation within Elizabethtown’s service territory, two (2) virtual public hearings for this Petition were held on

August 30, 2022 at 4:30 p.m. and 5:30 p.m.⁴ No members of the public attended the hearings to express their views on the Petition and one set of written comments was filed with the Board.

16. Elizabethtown, Board Staff, and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Parties”) agreed that additional time was needed to complete a comprehensive review of the Petition. The Parties agreed that the implementation of the proposed BGSS-P and updated CIP rates, subject to refund with interest on any net over-recovered BGSS-P and CIP balances, was reasonable, and accordingly executed a stipulation for provisional rates effective October 1, 2022 (“Provisional Stipulation”), subject to an opportunity for full review at the Office of Administrative Law (“OAL”), if necessary, and final approval by the Board.

17. On September 7, 2022, the Board issued an Order adopting the Provisional Stipulation in its entirety and approving per therm rates on a provisional basis, subject to refund with interest on any net over-recovered balance. These per-therm rates included a BGSS-P rate of \$0.7190 and CIP rates of \$0.0141 for Residential Delivery Service, a credit rate of \$0.0351 for Small General Service, and a credit rate of \$0.0020 for General Delivery Service, effective for service rendered on and after October 1, 2022. The monthly bill of a residential heating customer using 100 therms per month increased by \$25.33 from \$110.59 to \$135.92, or 22.9%, based upon rates in effect on July 1, 2022.

18. This matter was transmitted to the OAL as a contested case and assigned to Administrative Law Judge Irene Jones. On December 28, 2022, a pre-hearing conference was held telephonically.

19. On February 14, 2023, in accordance with the Board Order dated January 6, 2003, Elizabethtown submitted a notice of intent to self-implement a BGSS-P rate reduction from

⁴ Due to the COVID-19 pandemic, the Public Hearings were conducted virtually.

the current provisional rate of \$0.7190 per therm to \$0.5828 per therm effective March 1, 2023 (“Original Notice”).⁵

20. On February 23, 2023, pursuant to the January 6 Order, Elizabethtown filed an updated notice of intent to self-implement a BGSS-P rate reduction from the current provisional rate of \$0.7190 per therm to \$0.2692 per therm effective March 1, 2023 (“Updated Notice”). The Company submitted the Updated Notice to replace the Original Notice in its entirety. This rate reduction will decrease the monthly bill of a typical residential heating customer using 100 therms per month by \$44.98 or 30.2%.

21. The reduction in the BGSS-P rate translates to a decrease in annual BGSS recoveries of \$36.5 million.

22. The Parties engaged in discovery and resolved all issues in this proceeding in accordance with the stipulated terms set forth below.

II. STIPULATED TERMS

23. The Parties stipulate and agree that the Company’s updated, self-implemented BGSS-P rate of \$0.2692 per therm, effective March 1, 2023, and provisional CIP rates of \$0.0141 for Residential Delivery Service, a credit rate of \$0.0351 for Small General Service, and a credit rate of \$0.0020 for General Delivery Service are prudent and reasonable and should be made final as of the effective date of a Board Order approving this Stipulation of Settlement (“Stipulation”) in accordance with N.J.S.A. 48:2-40, or upon such date thereafter as the Board may specify (“Effective Date”).

24. As of the Effective Date, the Company will maintain its self-implemented BGSS-P rate of \$0.2692 per therm, and CIP rates of \$0.0141 for Residential Delivery Service, credit rate

⁵ In re the Provision of Basic Gas Supply Service Pursuant to the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et. seq., BPU Docket No. GX01050304, Order dated January 6, 2003 (“January 6 Order”).

of \$0.0351 for Small General Service, and credit rate of \$0.0020 for General Delivery Service. These rates shall remain in effect until changed by Order of the Board.

25. The Company's future annual BGSS gas cost filings shall continue to comply with the Annual BGSS Minimum Filing Requirements adopted by the Board as listed in the index contained in Appendix A⁶.

26. The Company agrees to continue to provide electronically, to the Parties in this proceeding and on a monthly basis, the following updated information: 1) the BGSS NYMEX update report (also known as S-ECHART-1, an example of which is attached as Appendix B); and 2) a monthly report showing the calculation of net cost of gas per therm (also known as S-ECHART-2, an example of which is attached as Appendix C). S-ECHART-1 is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. S-ECHART-2 is to be submitted to the Parties on the 15th of the following month.

27. Upon Board approval of the BGSS-P and CIP rates reflected in this Stipulation, the Company will file with the Board tariff sheets to reflect the final BGSS-P and CIP rates agreed to in this Stipulation.

III. MISCELLANEOUS

28. If the Board approves this Stipulation in its entirety, all issues concerning the BGSS-P and CIP and the costs recovered through these clauses are deemed resolved for purposes of this proceeding but remain subject to audit by the Board.

29. This Stipulation represents a mutual balancing of interests and is therefore intended to be accepted and approved in its entirety. If the Board does not adopt this Stipulation

⁶ In re the Petition of NUI Utilities, Inc. d/b/a Elizabethtown Gas Company to (1) Revise its Basic Gas Supply Service Rate, (2) Revise its On-System Margin Sharing Credit, (3) Revise its Commodity Rates for Commercial And Industrial Air Conditioning and Distributed Generation Uses and Seasonal Delivery Service, and (4) Make Other Tariff Changes, BPU Docket No. GR02120945 et al., Board Order dated June 20, 2003, and In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas to Review its Periodic Basic Supply Service Rate, BPU Docket No. GR17060590, Order dated May 22, 2018.

in its entirety in an Order, then any Party hereto is free to pursue its then-available legal remedies with respect to all issues in this Stipulation as though this Stipulation had not been signed.

30. It is the intent of the Parties that the provisions hereof be approved by the Board, as appropriate, as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

31. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation to the Board and request the Board to issue a Decision and Order approving this Stipulation in its entirety in accordance with the terms hereof, as soon as reasonably possible.

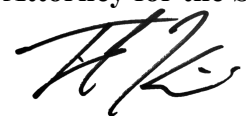
ELIZABETHTOWN GAS COMPANY

**BRIAN O. LIPMAN
DIRECTOR, DIVISION
OF RATE COUNSEL**

By: 
**Deborah M. Franco, Esq.
VP, Rates, Regulatory & Sustainability**

By: */s/ Sarah H. Steindel* 3/10/23
**Sarah H. Steindel Esq.
Assistant Deputy Rate Counsel**

**Matthew Platkin
ATTORNEY GENERAL OF THE STATE OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities**

By:  3/10/23
**Terel Klein
Deputy Attorney General**

Dated: March 9, 2023

GR22060366 – ETG 2022 BGSS-P/CIP

**Elizabethtown Gas Company
2022 / 2023 BGSS Filing**

MINIMUM FILING REQUIREMENT (MFR) INDEX

<u>Minimum Filing Requirement</u>	<u>Schedule(s)</u>
1. Motion, Supporting Testimony & Tariff Modifications	Petition, Testimony, TK-12
2. Computation of Proposed BGSS Rates	LJW-1, LJW-3
3. Public Notice with Proposed Impact on Bills	Petition
4. Actual and Forecasted Refund Amounts	TK-3, LJW-9
5. Cost of Gas Sendout by Component	TK-2, TK-5, TK-7, LJW-2, LJW-4, LJW-6, LJW-7, LJW-10, LJW-11
6. BGSS Contribution and Credit Offsets	TK-3, TK-4, LJW-9, LJW-12
7. Over/Under Recovery Comparisons	TK-1, TK-6, LJW-3
8. Wholesale Gas Pricing Assumptions	LJW-7, LJW-13
9. GCUA Recoveries and Balances	not applicable
10. Historical Service Interruptions	TK-9
11. Gas Price Hedging Activities	TK-11, LJW-14
12. Storage Gas Volumes, Prices and Utilization	TK-7, LJW-10
13. Affiliate Gas Supply Transactions	TK-8
14. Projected Supply and Demand Data with Design Peak Day	LJW-16
15. Actual Peak Day Supply and Demand	TK-10
16. Capacity Contract Changes	Testimony - L J Willey pgs. 16, 18
17. FERC Pipeline Activities	LJW-15
18. Changes to Firm Transportation and Storage Contracts	LJW-17

S-ECHART-1
BGSS NYMEX Update Report
as of December 02, 2022

<u>Month</u>	<u>a</u> <u>BGSS</u> <u>(see note below)</u>	<u>b</u> <u>NYMEX</u> <u>(12/2/2022 Close)</u>	<u>c = b - a</u> <u>Incr/</u> <u>(Decr)</u>	<u>% Chg</u>	<u>d</u> <u>Sales</u> <u>forecast (dths)</u>	<u>e</u> <u>Hedged</u> <u>volume (dths)</u>	<u>f = d - e</u> <u>Unhedged</u> <u>volume (dths)</u>	<u>g = c x f</u> <u>Change in</u> <u>value unhedged</u>
Oct-22	\$ 7.391	\$ 6.868	\$ (0.523)		856,115	331,400	524,715	(\$274,426)
Nov-22	\$ 7.457	\$ 5.186	\$ (2.271)		1,952,650	1,922,984	29,666	(\$67,371)
Dec-22	\$ 7.571	\$ 6.712	\$ (0.859)		3,918,672	3,103,765	814,907	(\$700,005)
Jan-23	\$ 7.663	\$ 6.281	\$ (1.382)		4,992,625	4,030,476	962,149	(\$1,329,690)
Feb-23	\$ 7.342	\$ 6.169	\$ (1.173)		5,131,224	3,271,167	1,860,057	(\$2,181,846)
Mar-23	\$ 6.302	\$ 5.582	\$ (0.720)		4,101,389	2,367,581	1,733,808	(\$1,248,342)
Apr-23	\$ 4.659	\$ 4.935	\$ 0.276		3,110,706	1,520,000	1,590,706	\$439,035
May-23	\$ 4.496	\$ 4.906	\$ 0.410		1,596,814	668,100	928,714	\$380,773
Jun-23	\$ 4.539	\$ 4.991	\$ 0.452		854,187	411,800	442,387	\$199,959
Jul-23	\$ 4.581	\$ 5.080	\$ 0.499		610,700	270,700	340,000	\$169,660
Aug-23	\$ 4.574	\$ 5.086	\$ 0.512		553,257	213,100	340,157	\$174,160
Sep-23	\$ 4.550	\$ 5.028	\$ 0.478		660,048	308,100	351,948	\$168,231
Avg Total \$	\$ 5.927	\$ 5.569	\$ (0.358)	-6.0%	28,338,387	18,419,173	9,919,214	(\$4,269,863)
Oct-23	\$ 4.585	\$ 5.082	\$ 0.497		864,677	395,600	469,077	\$233,131
Nov-23	\$ 4.731	\$ 5.339	\$ 0.608		1,972,180	1,652,984	319,196	\$194,071
Dec-23	\$ 4.996	\$ 5.701	\$ 0.705		3,957,866	2,793,765	1,164,101	\$820,691
Jan-24	\$ 5.133	\$ 5.926	\$ 0.793		5,042,557	3,430,476	1,612,081	\$1,278,380
Feb-24	\$ 4.953	\$ 5.669	\$ 0.716		5,182,542	3,211,167	1,971,375	\$1,411,504
Mar-24	\$ 4.530	\$ 5.028	\$ 0.498		4,142,405	2,177,581	1,964,824	\$978,482
Apr-24	\$ 3.849	\$ 4.277	\$ 0.428		3,141,816	1,320,000	1,821,816	\$779,737
May-24	\$ 3.778	\$ 4.203	\$ 0.425		1,612,782	760,000	852,782	\$362,432
Jun-24	\$ 3.840	\$ 4.263	\$ 0.423		862,728	358,500	504,228	\$213,288
Jul-24	\$ 3.899	\$ 4.329	\$ 0.430		616,807	254,200	362,607	\$155,921
Aug-24	\$ 3.922	\$ 4.349	\$ 0.427		558,790	200,500	358,290	\$152,990
Sep-24	\$ 3.910	\$ 4.301	\$ 0.391		666,649	172,700	493,949	\$193,134
Avg Total \$	\$ 4.344	\$ 4.872	\$ 0.528	12.2%	28,621,799	16,727,473	11,894,326	\$6,773,763

Footnotes:

a : Nymex rate used for annual BGSS periodic rate filing; **Oct-2022 to Sept-2024 based on 5-10-2022 Close.**

b: Nymex rate as of date of the report

c: Increase/Decrease in the Nymex rate compared to rate used for annual BGSS periodic rate filing

d: Sales forecast (includes fuel requirement) at a receipt point/wellhead equivalent volume

e: 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)

f: 'Unhedged' volume consists of sales volume forecast less 'hedged' volume

g: Not necessarily representative of a change in under/over-recovery value

S-ECHART-2
Elizabethtown Gas Company
Calculation of Net Cost of Gas Per Therm

	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	12 Month
	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	Weighted
													Average
1 NYMEX - 05/10/22 - Included in BGSS Filing	\$0.7391	\$0.7457	\$0.7571	\$0.7663	\$0.7342	\$0.6302	\$0.4659	\$0.4496	\$0.4539	\$0.4581	\$0.4574	\$0.4550	
2 NYMEX - Actual Settlement	\$0.6868	\$0.5186											
<u>Breakdown of Gross Cost of Gas Per Therm:</u>													
13 Flowing Gas Cost	-\$0.3230	\$0.5091	\$0.2836	\$0.2500	\$0.3824	\$0.3783	\$0.2545	\$0.1151	-\$0.1484	-\$0.2686	-\$0.2787	-\$0.1737	\$0.2441
14 Gas Withdrawn From Storage Cost	\$0.1417	\$0.4460	\$0.3056	\$0.3147	\$0.2678	\$0.1880	\$0.0013	\$0.0027	\$0.0054	\$0.0087	\$0.0100	\$0.0079	\$0.2078
15 Hedged Volumes Delivered Cost	\$0.3755	\$0.2356	\$0.1138	\$0.1186	\$0.0844	\$0.1050	\$0.1596	\$0.2127	\$0.4139	\$0.5423	\$0.5649	\$0.4424	\$0.1676
16 Pipeline Demand Cost	\$0.5433	\$0.3367	\$0.1373	\$0.1077	\$0.1010	\$0.1301	\$0.1717	\$0.3401	\$0.6385	\$0.9265	\$1.0280	\$0.8381	\$0.2276
17 Storage Demand Cost	\$0.1326	\$0.0803	\$0.0327	\$0.0254	\$0.0238	\$0.0313	\$0.0416	\$0.0824	\$0.1546	\$0.2250	\$0.2490	\$0.2029	\$0.0547
18 Peaking Cost	\$0.0000	\$0.0358	\$0.0245	\$0.3028	\$0.0213	\$0.0235	\$0.0271	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0704
19 Weighted Average Fuel Cost	\$0.0213	\$0.0225	\$0.0064	\$0.0101	\$0.0090	\$0.0079	\$0.0137	\$0.0132	\$0.0183	\$0.0269	\$0.0299	\$0.0248	\$0.0120
20 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0206	\$0.0189	\$0.0170	\$0.0177	\$0.0237	\$0.0381	\$0.0589	\$0.0852	\$0.0943	\$0.0967	\$0.0242
21 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
22 Total Gross Cost of Gas Per Therm	\$0.8914	\$1.6660	\$0.9246	\$1.1482	\$0.9068	\$0.8817	\$0.6930	\$0.8044	\$1.1412	\$1.5461	\$1.6973	\$1.4391	\$1.0084

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Weighted
	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	Average
23 NYMEX - Actual Settlement	\$0.5841	\$0.6202	\$0.5447	\$0.4024	\$0.6265	\$0.4568	\$0.5336	\$0.7267	\$0.8908	\$0.6551	\$0.8687	\$0.9353	
<u>Breakdown of Gross Cost of Gas Per Therm:</u>													
24 Flowing Gas Cost	-\$0.5982	\$0.3268	\$0.1693	\$0.3124	\$0.2308	\$0.1451	\$0.1535	\$0.1359	-\$0.2109	-\$0.5059	-\$0.8550	-\$0.7849	\$0.1234
25 Gas Withdrawn From Storage Cost	\$0.0487	\$0.2439	\$0.1271	\$0.1508	\$0.0988	\$0.1029	\$0.0371	-\$0.0021	\$0.0046	\$0.0321	\$0.0219	\$0.0094	\$0.0984
26 Hedged Volumes Delivered Cost	\$0.5312	\$0.2378	\$0.1039	\$0.1079	\$0.0663	\$0.0798	\$0.1312	\$0.1384	\$0.2635	\$0.4020	\$0.4476	\$0.4776	\$0.1412
27 Pipeline Demand Cost	\$0.6947	\$0.3261	\$0.1399	\$0.1022	\$0.0847	\$0.1307	\$0.1834	\$0.2936	\$0.6456	\$0.8738	\$0.9218	\$0.9844	\$0.2220
28 Storage Demand Cost	\$0.1601	\$0.0671	\$0.0289	\$0.0214	\$0.0173	\$0.0254	\$0.0426	\$0.0735	\$0.1534	\$0.2099	\$0.2246	\$0.2415	\$0.0500
29 Peaking Cost	\$0.0000	\$0.0000	\$0.0037	\$0.0074	\$0.0000	\$0.0194	\$0.0040	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0053
30 Weighted Average Fuel Cost	\$0.0245	\$0.0169	\$0.0088	\$0.0127	\$0.0091	\$0.0070	\$0.0147	\$0.0221	\$0.0390	\$0.0374	\$0.0457	\$0.0473	\$0.0146
31 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
32 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
33 Total Gross Cost of Gas Per Therm	\$0.8610	\$1.2186	\$0.5816	\$0.7148	\$0.5070	\$0.5104	\$0.5665	\$0.6614	\$0.8952	\$1.0494	\$0.8067	\$0.9752	\$0.6548

Footnotes:

Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage

Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss

Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage

Pipeline Demand Cost = Fixed Pipeline costs

Storage Demand Cost = Fixed Storage related costs

Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...

Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline

Variable Pipeline Cost = Pipeline Charge per therm shipped

S-ECHART-2
Elizabethtown Gas Company
Calculation of Net Cost of Gas Per Therm

	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	12 Month	
	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	Weighted	
													Average	
<u>Credits, Refunds, & Recoveries Per Therm:</u>														
1	Asset Management Credits	\$0.0000	\$0.0000	\$0.0251	\$0.0000	\$0.0000	\$0.1431	\$0.0000	\$0.0000	\$0.1208	\$0.0000	\$0.0000	\$0.3430	\$0.0359
2	Off-system sales	\$0.0035	\$0.0003	\$0.0004	\$0.0012	\$0.0007	\$0.0002	\$0.0002	\$0.0012	\$0.0020	\$0.0023	\$0.0024	\$0.0024	\$0.0009
3	Capacity release	\$0.0069	\$0.0032	\$0.0015	\$0.0012	\$0.0010	\$0.0014	\$0.0019	\$0.0037	\$0.0069	\$0.0102	\$0.0113	\$0.0090	\$0.0025
4	On System Credits to BGSS-P Customers	\$0.4266	\$0.1752	\$0.2777	\$0.2645	\$0.2489	\$0.2358	\$0.1813	\$0.2047	\$0.2847	\$0.4115	\$0.4503	\$0.3681	\$0.2568
5	Supplier Refunds	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
6	Gas for Company Use	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
7	Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8	Transfer to Non BGSS-P Customers	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
9	Over / Under Recovery & Interest to Customers	-\$0.1042	\$0.8166	-\$0.0545	\$0.2070	-\$0.0181	-\$0.1732	-\$0.1646	-\$0.0795	\$0.0524	\$0.4478	\$0.5590	\$0.0424	\$0.0423
10	Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11	Total Credits, Refunds, & Recoveries per Therm	\$0.3328	\$0.9954	\$0.2503	\$0.4739	\$0.2325	\$0.2074	\$0.0187	\$0.1301	\$0.4669	\$0.8718	\$1.0230	\$0.7649	\$0.3383
12	Total Net Cost Per Therm(Pg 1 Line 22 - Pg 2 Line 11)	\$0.5586	\$0.6706	\$0.6743	\$0.6743	\$0.6743	\$0.6743	\$0.6743	\$0.6743	\$0.6743	\$0.6743	\$0.6743	\$0.6743	\$0.6701

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Weighted	
	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	Average	
<u>Credits, Refunds, & Recoveries Per Therm:</u>														
13	Asset Management Credits	\$0.0000	\$0.0000	\$0.0327	\$0.0000	\$0.0000	\$0.0418	\$0.3230	\$0.0000	\$0.1207	\$0.0000	\$0.0000	\$0.2751	\$0.0542
14	Off-system sales	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
15	Capacity release	\$0.0116	\$0.0050	\$0.0016	\$0.0012	\$0.0010	\$0.0013	\$0.0020	\$0.0034	\$0.0070	\$0.0096	\$0.0193	\$0.0134	\$0.0029
16	On System Credits to BGSS-P Customers	\$0.2569	\$0.2242	\$0.1986	\$0.1689	\$0.1602	\$0.1628	\$0.1639	\$0.2102	\$0.3109	\$0.2960	\$0.3809	\$0.3932	\$0.1929
17	Supplier Refunds	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0392	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0041
18	Gas for Company Use	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
19	Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
20	Transfer to Non BGSS-P Customers	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
21	Over / Under Recovery & Interest to Customers	\$0.2394	\$0.6354	-\$0.0429	\$0.0958	-\$0.1037	-\$0.1441	-\$0.4094	\$0.0016	\$0.0177	\$0.3019	-\$0.0384	-\$0.1526	-\$0.0326
22	Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
23	Total Credits, Refunds, & Recoveries per Therm	\$0.5078	\$0.8646	\$0.1900	\$0.2659	\$0.0575	\$0.0618	\$0.1187	\$0.2151	\$0.4563	\$0.6075	\$0.3618	\$0.5291	\$0.2215
24	Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)	\$0.3531	\$0.3540	\$0.3916	\$0.4488	\$0.4495	\$0.4486	\$0.4478	\$0.4462	\$0.4389	\$0.4419	\$0.4449	\$0.4462	\$0.4333

Footnotes:

On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayerville, Forked River, Ocean Power, etc...

Line Loss = Gross Cost of Gas per Therm x Line Loss Percentage

Indicate that Line 12 equals the projected BGSS-P rate or provide a calculation below that reconciles the two numbers.